

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

July 19, 2004
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Davidson, Degginger, and Lee

ABSENT: None.

1. Executive Session

Deputy Mayor Noble opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately one hour and 15 minutes to discuss one item of pending litigation, one item of property disposition, one item of property acquisition, and one item of potential litigation.

The meeting resumed at 7:20 p.m. with Mayor Marshall presiding.

2. Study Session

(a) New City Building – Project Management during Construction

Planning and Community Development Director Matt Terry introduced the New City Building project management team from the Seneca Group: Bob Wicklein, Steve Trainer, and Bart Heath. Staff will be asking Council to reconfirm the contingency management policy and to approve the scope and format of the Council Monthly Project Report.

Carla Weinheimer, Project Manager, said the early bid packages for shoring and excavation, exterior closure, demolition, and seismic/structural upgrades have been released. The groundbreaking ceremony is scheduled for July 29. Early bid packages will be awarded and construction will begin in August. In October, 16 remaining packages will go out for bid. These bid packages will be awarded in November and December.

An assessment of the project scope and budget will be prepared and discussed with Council in January 2005. The move to the new building is scheduled for November 2005. However, the

completion of Council Chambers and public meeting rooms is scheduled for January 2006. The 911 communications center will be moved in March 2006.

The site is now under the control of the contractor, Lease Crutcher Lewis, who is responsible for delivering the project scope according to the contract budget and schedule, preparing bid packages and awarding contracts to subcontractors, managing subcontracts, and coordinating any changes with the City. The design team (SRG Partnership and subconsultants) is responsible for confirming final design intent with the City, providing construction documents to the general contractor/construction manager, coordinating with the general contractor, and assisting the City in tracking the budget and schedule during construction.

The City is responsible for monitoring the project scope and design, responding to pay requests, managing contingencies, reviewing contract change requests, and managing subcontractor bid openings for bids in which the GC/CM is a bidder.

City Council's role is to review monthly tracking reports, approve substantive changes to the construction contract, approve consultant and furniture/fixtures/equipment amendments and contracts over \$50,000, and to approve the use of contingency funds according to the contingency management policy.

Mr. Terry reviewed the contingency management policy previously approved by Council on March 22:

- City Manager or his designee approves the use of contingency funds up to \$100,000 for any single item.
- Council approves the use of contingency funds over \$100,000 for any single item, unless Council is unavailable. If Council is not in session, the City Manager can approve the use of funds according to the process outlined in the policy.
- Council will receive monthly reports detailing the use of contingency funds.

Mr. Trainer expressed confidence in the design and construction teams, noting he has known and worked with Dennis Forsyth (SRG Partnership) and the general contractor for 25 years. In terms of owner's responsibilities, he discussed the importance of strong leadership, timely decision making, and clear lines of authority. Mr. Trainer feels it is critical to empower staff to make timely decisions throughout the process, particularly as unanticipated issues arise and given the accelerated construction schedule. He discussed the importance of minimizing owner-initiated changes if construction is expected to stay on schedule and within the budget. Mr. Trainer explained that change orders during a project are inevitable and changes of 3 to 5 percent for a project are typical.

Mr. Wicklein discussed project controls and the systems in place for the New City Building project to monitor cost and schedule performance. He commended the City for selecting the GC/CM approach which establishes a maximum allowable construction cost (MACC) early in the process. In this case, the MACC is based on design development documents. Mr. Wicklein described the risk of changes in project scope as the design is finalized. To minimize this risk, a number of controls are in place including the budget options log, tracking of design changes, a

requirement that the contractor review final design documents for scope compliance, confirmation that the design is within the MACC prior to bidding packages, and the preparation of a total project forecast that includes all known changes. Additional controls include monitoring the schedule, monitoring the quality of the work through frequent field observation and an independent inspection agency, monthly invoice approval, and ongoing communication.

Mr. Wicklein said progress on the project schedule will be monitored through field observation. An upcoming four-week schedule will be presented by Lease Crutcher Lewis during the weekly construction meetings, and monthly progress reports will be provided by LCL. The project schedule will be reconciled and updated monthly.

Mr. Heath reviewed the following contingency funds:

- Buyout contingency - \$1.9 million, included in MACC. Funds cover cost escalations and estimating inaccuracies when bidding subcontract work. Any unused funds will be returned to the owner after buyout activities are completed. The GC/CM will provide the buyout tracking log.
- GC/CM contingency - \$1.6 million, included in MACC. Funds cover the cost of the work within the MACC including GC/CM issues and minor architectural/engineering revisions. All costs to be charged to the GC/CM contingency will be reviewed and must be approved by the owner. A separate log will be provided to track each issue and expenditure.
- Owner construction contingency - \$3.7 million, not included in MACC. Funds cover changes after construction commences. Changes are accounted for separately and funded by the owner contingency. A log will be provided to track each change.

Mr. Terry requested Council approval of the sample monthly progress report (beginning on page SS 2-6 of the meeting packet). The report covers general progress, budget information, contingency use, and a contract status log.

Mayor Marshall initiated Council discussion regarding the contingency management policy.

- ➡ Deputy Mayor Noble moved to reconfirm the contingency management policy and to approve the scope and format of the monthly project reports to Council. Mr. Lee seconded the motion.
- ➔ As a friendly amendment, Mr. Degginger suggested the contingency management policy refer to approving “non-discretionary” changes. Mr. Noble and Mr. Lee accepted the amendment.

Staff responded to brief questions of clarification.

- ➡ The motion to reconfirm the contingency management policy, as amended, and to approve the scope and format of the monthly project reports to Council carried by a vote of 7-0.

July 19, 2004 Study Session

At 8:02 p.m., Mayor Marshall declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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